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Reserve

Volume 5

MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA
JULY 1961



Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-ASCS
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

NEW MILK BASES TO BE FORMED

In accordance with the provisions of Federal Milk Order No. 100, payments to producers on base and excess milk during 1961 will cease with the payment for July deliveries. The weighted average "blend" price will be used each month in making payments to producers for their milk deliveries during August 1961 through February 1962.

PRODUCERS WILL ESTABLISH A NEW BASE to be used during the 1962 March through July base and excess pay periods. Daily bases are established by each producer on his deliveries of milk to the market pool plants during the period of September 1, 1961 through January 31, 1962, divided by the number of days he delivered or by 120, whichever is the greater.

All producers, particularly partnerships, are urged to see that their NEW BASE IS ESTABLISHED IN THE CORRECT NAME. This name should be the one used to obtain a Grade A permit or sign a contract with a handler or cooperative association. The use of different names may result in loss of established base to a producer.

MARKET SUMMARY - JULY 1961

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 4.0% are: Base Milk \$4.76, Excess Milk \$3.06. The butterfat differential is 7.6 cents for each one-tenth of one percent above or below 4.0%.

During July 72.4% of the total producer milk was priced in Class I at \$5.20 per cwt. with a butterfat differential of 7.9 cents and 27.6% priced in Class II at \$3.10 per cwt. with a butterfat differential of 7.0 cents. The percent of producer skim and butterfat priced in Class I was 72.8% and 61.8% respectively. Base milk was 89.4% and excess milk was 10.6% of the total producer deliveries. All excess milk and 19.0% of base milk was priced in Class II and 81.0% of base milk was priced in Class I.

The daily average deliveries of producer milk during July decreased 4.9% compared with June and increased 11.8% compared with July 1960. The daily average use of Class I milk decreased 1.7% compared with June and decreased 1.8% compared with July 1960. The daily average base delivered was 87.0% of the established base.

DAIRY SUPPORT PRICES INCREASED

The U. S. Department of Agriculture has announced increases under the Dairy Price Support program of 0.5 cents per pound for nonfat dry milk and 0.4 cents per pound for cheddar cheese for these products produced on and after July 18, 1961. The new purchase prices will be 16.40¢ for nonfat spray powder, 14.40¢ for nonfat roller powder, and 36.50¢ for cheddar cheese. The purchase price for butter is not being changed. This is the third increase in less than a year. Support prices were previously increased on September 17 of last year and March 10 of this year.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

| | <u>July '61</u> | <u>June '61</u> | <u>July '60</u> |
|---|-----------------|-----------------|-----------------|
| Number of Plants (Pool and Non-Pool) | 16 | 17 | 19 |
| GROSS RECEIPTS POUNDS (DAILY) | | | |
| Producer Milk | 437,786 | 460,329 | 391,646 |
| % July '61 compared with: | 100.0 | 95.1 | 111.8 |
| Other Source Milk | 9,099 | 8,548 | 10,109 |
| Other Order Milk | 19,965 | 58,310 | 6,889 |
| <u>TOTAL RECEIPTS MILK POUNDS</u> | <u>466,850</u> | <u>527,187</u> | <u>408,644</u> |
| % July '61 compared with: | 100.0 | 88.6 | 114.2 |
| GROSS UTILIZATION POUNDS (DAILY) | | | |
| Class I Milk: | | | |
| Fluid Milk | 259,899 | 265,673 | 266,240 |
| Fluid Skim | 11,094 | 12,108 | 9,333 |
| Buttermilk | 37,135 | 38,316 | 38,456 |
| Chocolate Milk | 7,921 | 7,784 | 8,920 |
| Cream Mixture ($\frac{1}{2}$ & $\frac{1}{2}$) | 1,201 | 1,250 | 993 |
| Light Cream (X) | 341 | 375 | 535 |
| Heavy Cream (XX) | 572 | 661 | 609 |
| Sour Cream | 292 | 257 | 234 |
| Bulk to Non-Handlers | 86 | 29 | 1,157 |
| Class I Shrinkage | 2,696 | 745 | 1,168 |
| Inventory Reclassification | (164) | (500) | (570) |
| Overstated Sales | (14) | - | - |
| Total Class I Milk | 321,059 | 326,698 | 327,075 |
| % July '61 compared with: | 100.0 | 98.3 | 98.2 |
| Class II Milk: (Used to Produce) | | | |
| Butter | 5,105 | 6,031 | 1,067 |
| Cottage Cheese | 14,704 | 15,216 | 13,298 |
| Powdered and Condensed Milk | 80,819 | 126,767 | 31,226 |
| Ice Cream | 30,642 | 44,011 | 22,272 |
| Inventory Variation | 3,139 | (5,650) | 4,261 |
| Other | 11,382 | 14,114 | 9,445 |
| Total Class II Milk | 145,791 | 200,489 | 81,569 |
| % July '61 compared with: | 100.0 | 72.7 | 178.7 |
| <u>TOTAL UTILIZATION CL.I AND CL.II MILK LBS.</u> | <u>466,850</u> | <u>527,187</u> | <u>408,644</u> |
| | | | |
| % Producer Milk of Gross Class I | 136.4 | 140.9 | 119.7 |
| % Delivered Base of Gross Class I | 121.9 | 125.4 | 108.4 |
| % Delivered Base Priced in Class I | 81.0 | 78.7 | 91.0 |
| % Producer Milk Priced in Class I | 72.4 | 70.1 | 82.4 |

AUGUST 1961 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

| | <u>Aug. '61</u> | <u>July '61</u> | <u>Aug. '60</u> |
|---|-----------------|-----------------|-----------------|
| Basic Formula (See page 4) | \$3.61 | \$3.61 | \$3.37 |
| Plus Class I Differential | 1.75 | 1.75 | 1.75 |
| Supply-Demand Adjustment | (0.16) | (0.16) | 0.14 |
| Class I Price, 4.0% Butterfat | \$5.20 | \$5.20 | \$5.26 |
| <u>Per \$ 1000.51 (a)</u> | | | |
| Supply-Demand Comparison: 1st and 2nd preceding months: June and July | | | |
| Supply: Lbs. Producer Milk (June 13,809,852 and July 13,571,362) | | | 27,381,214 |
| Demand: Lbs. Net Class I Milk (June 9,693,609 and July 9,826,737) | | | 19,520,346 |
| Utilization Percentage: Producer milk divided by Class I | | | 140 |
| Standard Utilization Percentage: Range 128-132 | | | 132 |
| Net Deviation Percentage: Utilization minus Standard Utilization | | | plus 8 |
| Supply-Demand Adjustment: 2 cents x 8 percentage points | | | minus \$0.16 |

Since the supply in relation to the demand is more than the desired standard, the price is decreased 16 cents per hundredweight (2 cents x 8 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR JULY 1961
Based on 16 plant reports prior to audit

| | Class % | Milk Pounds | Butterfat Test % | Cwt. Price @ Test | Value |
|---|------------|----------------|---------------------|----------------------|--------------|
| Gross Class I | | 9,952,825 | 3.488 | | |
| Less Other Source | | 131,511 | 1.776 | | |
| Producer Milk Class I | 72.4 | 9,821,314 | 3.510874 | \$4.813590 | \$472,757.79 |
| Gross Class II | | 4,519,524 | 5.279 | | |
| Less Other Source | | 769,476 | 3.254 | | |
| Producer Milk Class II | 27.6 | 3,750,048 | 5.694167 | 4.285917 | 160,723.94 |
| TOTAL PROD. (Cl. I + Cl. II) | 100.0 | 13,571,362 | 4.114163 | | 633,481.73 |
| Add Fractional Adjustment | | | | | .09 |
| Add Compensatory Payment Value | | | | | 39.38 |
| Add Overage Value | | | | | 53.68 |
| Add Inventory Reclassification Value | | | | | 66.77 |
| Add $\frac{1}{2}$ Prod.-Settlement Fund Reserve | | | | | 6,032.64 |
| TOTAL VALUE AT TEST | | 13,571,362 | 4.114163 | | 639,674.29 |
| Less Test Over 4% @ 7.6¢ per point | | 13,571,362 | .114163 | 0.086764 | 11,775.06 |
| TOTAL PRODUCER MILK VALUE AT 4% TEST | | 13,571,362 | 4.0 | | 627,899.23 |
| | | Pounds | Price 4% | Amount | |
| Excess Producer Milk - Class I | | - | - | - | |
| Excess Producer Milk - Class II | | 1,443,522 | \$3.10 | \$44,749.18 | |
| Total Excess Producer Milk | | 1,443,522 | 3.10 | 44,749.18 | |
| Less Prod.-Settlement Fund Res. @ 4¢ | | 1,443,522 | .04 | | 577.41 |
| UNIFORM EXCESS PRICE f.o.b. PLANT - 4% | | 1,443,522 | 3.06 | | 44,171.77 |
| Value of Base Milk (Total less Excess) | | 12,127,840 | 4.808359 | | 583,150.05 |
| Less Producer-Settlement Fund Reserve | | 12,127,840 | .048359 | | 5,864.90 |
| UNIFORM BASE PRICE f.o.b. PLANT - 4% | | 12,127,840 | \$4.76 | | \$577,285.15 |

JULY 1961 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

| TEST % | PRICES | | TEST % | PRICES | | TEST % | PRICES | |
|-----------|--------|--------|-----------|--------|--------|-----------|--------|--------|
| | BASE | EXCESS | | BASE | EXCESS | | BASE | EXCESS |
| 3.0% | \$4.00 | \$2.30 | 4.0% | \$4.76 | \$3.06 | 5.0% | \$5.52 | \$3.82 |
| 3.05 | 4.038 | 2.338 | 4.05 | 4.798 | 3.098 | 5.05 | 5.558 | 3.858 |
| 3.1 | 4.076 | 2.376 | 4.1 | 4.836 | 3.136 | 5.1 | 5.596 | 3.896 |
| 3.15 | 4.114 | 2.414 | 4.15 | 4.874 | 3.174 | 5.15 | 5.634 | 3.934 |
| 3.2 | 4.152 | 2.452 | 4.2 | 4.912 | 3.212 | 5.2 | 5.672 | 3.972 |
| 3.25 | 4.19 | 2.49 | 4.25 | 4.95 | 3.25 | 5.25 | 5.71 | 4.01 |
| 3.3 | 4.228 | 2.528 | 4.3 | 4.988 | 3.288 | 5.3 | 5.748 | 4.048 |
| 3.35 | 4.266 | 2.566 | 4.35 | 5.026 | 3.326 | 5.35 | 5.786 | 4.086 |
| 3.4 | 4.304 | 2.604 | 4.4 | 5.064 | 3.364 | 5.4 | 5.824 | 4.124 |
| 3.45 | 4.342 | 2.642 | 4.45 | 5.102 | 3.402 | 5.45 | 5.862 | 4.162 |
| 3.5 | 4.38 | 2.68 | 4.5 | 5.14 | 3.44 | 5.5 | 5.90 | 4.20 |
| 3.55 | 4.418 | 2.718 | 4.55 | 5.178 | 3.478 | 5.55 | 5.938 | 4.238 |
| 3.6 | 4.456 | 2.756 | 4.6 | 5.216 | 3.516 | 5.6 | 5.976 | 4.276 |
| 3.65 | 4.494 | 2.794 | 4.65 | 5.254 | 3.554 | 5.65 | 6.014 | 4.314 |
| 3.7 | 4.532 | 2.832 | 4.7 | 5.292 | 3.592 | 5.7 | 6.052 | 4.352 |
| 3.75 | 4.57 | 2.87 | 4.75 | 5.33 | 3.63 | 5.75 | 6.09 | 4.39 |
| 3.8 | 4.608 | 2.908 | 4.8 | 5.368 | 3.668 | 5.8 | 6.128 | 4.428 |
| 3.85 | 4.646 | 2.946 | 4.85 | 5.406 | 3.706 | 5.85 | 6.166 | 4.466 |
| 3.9 | 4.684 | 2.984 | 4.9 | 5.444 | 3.744 | 5.9 | 6.204 | 4.504 |
| 3.95 | 4.722 | 3.022 | 4.95 | 5.482 | 3.782 | 5.95 | 6.242 | 4.542 |

JULY MILK SAMPLES TESTED - Producer Fresh Samples 5,770 - Handler Finished Products 277.

CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

| Month | PRODUCER UNIFORM PRICES ^{1/} | | | | HANDLER CLASS PRICES ^{1/} | | | |
|----------|---------------------------------------|--------|--------|---------|------------------------------------|---------|----------|---------|
| | Per Hundredweight | | | | Class I | | Class II | |
| | Uniform | Base | Excess | Bf.Dif. | Cwt. | Bf.Dif. | Cwt. | Bf.Dif. |
| July '60 | \$4.84 ^{2/} | \$5.03 | \$3.02 | 7.2¢ | \$5.25 | 7.5¢ | \$3.06 | 6.7¢ |
| Aug. | 4.83 | - | - | 7.4 | 5.26 | 7.5 | 3.09 | 6.8 |
| Sept. | 4.84 | - | - | 7.6 | 5.14 | 7.7 | 3.50 | 7.0 |
| Oct. | 4.74 | - | - | 7.6 | 5.19 | 8.0 | 3.52 | 7.0 |
| Nov. | 4.85 | - | - | 7.6 | 5.30 | 7.9 | 3.55 | 7.1 |
| Dec. | 4.84 | - | - | 7.6 | 5.29 | 8.0 | 3.50 | 7.0 |
| Jan. '61 | 4.96 | - | - | 7.6 | 5.43 | 7.9 | 3.50 | 7.0 |
| Feb. | 4.96 | - | - | 7.6 | 5.43 | 7.9 | 3.21 | 7.0 |
| Mar. | 4.73 ^{2/} | 4.89 | 3.17 | 7.6 | 5.29 | 7.9 | 3.21 | 7.0 |
| Apr. | 4.56 ^{2/} | 4.78 | 3.15 | 7.6 | 5.26 | 7.9 | 3.19 | 7.0 |
| May | 4.43 ^{2/} | 4.65 | 3.09 | 7.6 | 5.14 | 7.9 | 3.13 | 7.0 |
| June | 4.51 ^{2/} | 4.69 | 3.07 | 7.6 | 5.16 | 7.9 | 3.11 | 7.0 |
| July | 4.58 ^{2/} | 4.76 | 3.06 | 7.6 | 5.20 | 7.9 | 3.10 | 7.0 |
| Aug. | - | - | - | - | 5.20 | 7.9 | - | - |

PRICES USED IN DETERMINING CLASS PRICES

| Month | AVERAGE QUOTATIONS | | | | ALTERNATIVE FORMULAS (\$-cwt-4%) | | | | Highest or Basic Formula \$-cwt-4% |
|----------|--------------------|--------------------|----------------------|-----------------|-------------------------------------|--------|--------|----------------------|---|
| | Mid-West Cond. | Chi. 92° Butter | Chi. Area Powders | Wisc. Cheese | Mid-West Cond. | Butter | Butter | 4 Tenn. Milk Mfg. | |
| | \$-cwt-3.5% | ¢ Lb. | ¢ Lb. | ¢ Lb. | | Cheese | Powder | | |
| July '60 | 3.014 | 57.988 | 12.710 | 32.000 | 3.37 | 3.16 | 3.35 | 3.06 | 3.37 |
| Aug. | 3.076 | 59.041 | 12.720 | 33.062 | 3.45 | 3.22 | 3.40 | 3.09 | 3.45 |
| Sept. | 3.202 | 61.280 | 12.780 | 36.600 | 3.58 | 3.38 | 3.50 | 3.23 | 3.58 |
| Oct. | 3.311 | 60.773 | 13.085 | 37.750 | 3.69 | 3.38 | 3.52 | 3.25 | 3.69 |
| Nov. | 3.402 | 61.470 | 13.150 | 37.750 | 3.78 | 3.41 | 3.55 | 3.25 | 3.78 |
| Dec. | 3.440 | 60.491 | 13.130 | 37.750 | 3.82 | 3.37 | 3.50 | 3.25 | 3.82 |
| Jan. '61 | 3.415 | 60.466 | 13.190 | 36.750 | 3.80 | 3.35 | 3.50 | 3.25 | 3.80 |
| Feb. | 3.240 | 60.460 | 13.180 | 33.938 | 3.62 | 3.30 | 3.50 | 3.21 | 3.62 |
| Mar. | 3.228 | 60.466 | 13.120 | 34.700 | 3.61 | 3.31 | 3.50 | 3.21 | 3.61 |
| Apr. | 3.230 | 60.466 | 14.325 | 34.625 | 3.61 | 3.31 | 3.58 | 3.19 | 3.61 |
| May | 3.188 | 60.466 | 14.615 | 34.344 | 3.57 | 3.31 | 3.61 | 3.13 | 3.61 |
| June | 3.122 | 60.466 | 14.820 | 34.250 | 3.50 | 3.31 | 3.61 | 3.11 | 3.61 |
| July | 3.154 | 60.466 | 14.865 | 34.375 | 3.53 | 3.31 | 3.61 | 3.10 | 3.61 |

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

| Month | GROSS MILK 3/ | | PRODUCER MILK 3/ | | | Number | | Deliveries Per | | | Prod. |
|----------|---------------|---------|------------------|---------|---------|------------|-----|----------------|------|------|-------|
| | Total | Class I | Class I | Total | Base | of | | Farm---Pounds | | | Milk |
| | Receipt | Use | Use | Receipt | Receipt | Hdlr.Prod. | | Prod. | Base | Exc. | Test% |
| July '60 | 408,644 | 327,075 | 322,754 | 391,646 | 354,554 | 19 | 690 | 568 | 514 | 54 | 4.06 |
| Aug. | 425,433 | 336,437 | 331,519 | 406,758 | - | 19 | 700 | 581 | - | - | 4.07 |
| Sept. | 465,087 | 384,465 | 379,222 | 453,829 | - | 18 | 707 | 642 | - | - | 4.12 |
| Oct. | 475,398 | 357,470 | 352,238 | 461,276 | - | 18 | 702 | 657 | - | - | 4.32 |
| Nov. | 473,586 | 357,816 | 350,520 | 456,896 | - | 18 | 699 | 654 | - | - | 4.41 |
| Dec. | 462,660 | 348,283 | 341,170 | 441,649 | - | 19 | 693 | 637 | - | - | 4.47 |
| Jan. '61 | 453,461 | 348,486 | 342,735 | 438,370 | - | 19 | 682 | 643 | - | - | 4.46 |
| Feb. | 459,303 | 356,369 | 350,556 | 441,509 | - | 19 | 680 | 649 | - | - | 4.32 |
| Mar. | 491,471 | 358,734 | 354,390 | 470,370 | 425,350 | 19 | 679 | 693 | 626 | 67 | 4.22 |
| Apr. | 524,575 | 345,341 | 340,710 | 500,199 | 433,593 | 19 | 679 | 737 | 639 | 98 | 4.17 |
| May | 543,037 | 335,821 | 331,836 | 499,382 | 429,582 | 19 | 679 | 735 | 633 | 102 | 4.17 |
| June | 527,187 | 326,698 | 322,572 | 460,329 | 409,710 | 17 | 676 | 681 | 606 | 75 | 4.16 |
| July | 466,850 | 321,059 | 316,817 | 437,786 | 391,221 | 16 | 674 | 650 | 580 | 70 | 4.11 |

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I;
Excess is Producer minus Base